

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

E 538-1
BUREAU OF
EXPORT
ADMINISTRATION

For Immediate Release
March 26, 1997
BXA - 07 - 97

Contact:

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**FREIGHT FORWARDER PAYS PENALTY TO SETTLE CHARGE
OF MAKING FALSE STATEMENTS ON SHIPPING DOCUMENTS**

WASHINGTON- The Commerce Department today imposed a \$15,000 civil penalty on JML Freight Forwarding, Inc. (JML) of Kearney, NJ, formerly known as Jacky Maeder, Ltd., for allegedly preparing shipping documents that contained false information.

JML agreed to pay the penalty to settle the alleged violations of the export control regulations. The Department alleged that on three occasions, the East Boston, MA branch of JML prepared and used export control documents for the purpose of effecting exports of titanium bars from the U.S. to Switzerland, representing that the exports qualified for export under General License G-DEST, when, in fact, a validated license was required. At the time the alleged violations occurred, exports could be made either under an authorization (general license) that the exporter determined was available for a particular shipment under the terms of the EAR or, if no general license was available, under a specific authorization (validated license) given in writing by the Department. The Export Administration's Boston Field Office conducted the investigation.

This is the second settlement in recent weeks involving alleged violations by a freight forwarder where a forwarder filled in "G-DEST" on an export control document without asking the exporter whether that general license was appropriate for titanium bars. The Commerce Department's Office of Export Enforcement is undertaking strong enforcement efforts to ensure that shipments are properly licensed and documented before export.

"Freight forwarders are responsible for obtaining and using accurate export license information on export control documents. When they don't, our national security and foreign policy interests may be jeopardized. They also expose themselves to penalties under the EAR," said Commerce Acting Assistant Secretary for Export Enforcement Frank W. Deliberti.

"To ensure the export control system continues to function properly, it is imperative that freight forwarders work closely with exporters and exercise due diligence when preparing export documents for presentation to the U.S. Government," Deliberti said.

Commerce's Bureau of Export Administration administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions, can be imposed for violations of the regulations.



E-538-2
UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Export Administration
Washington, D.C. 20230

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

JML Freight Forwarding, Inc.
590 Belleville Turnpike
Kearney, New Jersey 07032

Attention: Klaus Knappick
President

Dear Mr. Knappick:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, JML Freight Forwarding, Inc. (JML), formerly known as Jacky Maeder, Ltd., has violated the Export Administration Regulations (61 Fed. Reg. 12734-13041, March 25, 1996, to be codified at 15 C.F.R. Parts 730-774 (the Regulations))¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act).²

Facts constituting violations:

Charges 1-3

On three separate occasions between on or about April 1, 1992 and on or about January 29, 1994, JML, then known as Jacky Maeder, Ltd., prepared and used Shipper's Export Declarations or air waybills, or both, export control documents as defined in Section 770.2 of the former Regulations, for the purpose of effecting exports from the United States to Switzerland, representing that

¹The alleged violations occurred in 1992, 1993 and 1994. The Regulations governing the violations at issue are found in the 1992, 1993 and 1994 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992, 1993, and 1994)). Those Regulations defined the conduct that BXA alleges was violated and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations, to be codified at 15 C.F.R. Parts 730-774, establish the procedures that apply to the matters set forth in this charging letter.

²The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notice on August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), and extended again on August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).



titanium bars qualified for such export under general license G-DEST. Each of those exports is described more fully on the enclosed schedule, which is incorporated herein by this reference. In fact, none of the exports were authorized under general license G-DEST, but each required a validated license. By making false or misleading statements of material fact, directly or indirectly to a United States government agency in connection with the preparation or use of export control documents, JML violated Section 787.5(a)(1) of the former Regulations in connection with each of the three shipments, for a total of three violations.

Accordingly, JML is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

Imposition of the maximum civil penalty allowed by law of \$10,000 per violation (see Section 764.3(a)(1) of the Regulations);

Denial of export privileges (see Section 764.3(a)(2) of the Regulations);

Exclusion from practice (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If JML fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

JML is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a settlement.

JML's answer should be filed with the Office of the Administrative Law Judge/Export Control, U.S. Department of Commerce, Room H-6839, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of

JML's answer should be served on the Department at the address set forth in Section 766.5(b), adding "ATTENTION: Lorie B. Whitaker, Esq." below the address. Ms. Whitaker may be contacted by telephone at (202) 482-5311.

Sincerely,

Mark D. Menefee
Acting Director
Office of Export Enforcement

Enclosures

SCHEDULE OF VIOLATIONS
JML FREIGHT FORWARDING, INC.
formerly known as Jacky Maeder, Ltd.

| CHARGES | DATE (ON OR ABOUT) | COMMODITY | DESTINATION | INVOICE | BILL OF LADING/ AIR WAYBILL |
|---------|--------------------------|--------------|-------------|---------|--------------------------------|
| 1 | 04-01-92 | Titanium Bar | Switzerland | 31455 | BSG0002 |
| 2 | 12-30-93 | Titanium Bar | Switzerland | 42320 | 085-4025-2446 |
| 3 | 01-29-94 | Titanium Bar | Switzerland | 42816 | 085-4026-3090 |

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:)

JML FREIGHT FORWARDING, INC.,)
formerly known as JACKY MAEDER, LTD)
590 Belleville Turnpike)
Kearney, New Jersey 07032,)

Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement is made by and between JML Freight Forwarding, Inc. (JML), formerly known as Jacky Maeder, Limited, and the Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), pursuant to Section 766.18(a) of the Export Administration Regulations (61 Fed. Reg. 12734-13041, March 25, 1996, to be codified at 15 C.F.R. Parts 730-774) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act).²

¹The alleged violations occurred in 1992, 1993 and 1994. The Regulations governing the violations at issue are found in the 1992, 1993 and 1994 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992, 1993 and 1994)). Those Regulations defined the conduct that BXA alleges was violated and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations, to be codified at 15 C.F.R. Parts 730-774, establish the procedures that apply to the matters set forth in the proposed charging letter and this Settlement Agreement.

²The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential

WHEREAS, BXA has notified JML of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Act by issuing a Charging Letter alleging that JML violated the provisions of Section 787.5(a) of the former Regulations in that, on three occasions between on or about April 1, 1992 and on or about January 29, 1994, JML made false or misleading statements of material fact, directly or indirectly, to a United States government agency in connection with the preparation and use of export control documents;

WHEREAS, JML has reviewed the proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed if the allegations are found to be true; it fully understands the terms of this Settlement Agreement; it enters into this Settlement Agreement voluntarily, with full knowledge of its rights, and states that no promises or representations have been made to it other than the agreements and considerations expressed herein;

WHEREAS, JML neither admits nor denies the allegations contained in the proposed Charging Letter;

WHEREAS, JML wishes to settle and dispose of all the matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

Notice on August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), and extended again on August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).

WHEREAS, JML agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (hereinafter referred to as the appropriate Order);

NOW, THEREFORE, JML and BXA agree as follows:

1. BXA has jurisdiction over JML, under the Act and the Regulations, with respect to the matters identified in the proposed Charging Letter.

2. BXA and JML agree that the following sanction shall be imposed against JML in complete settlement of all alleged violations of the Act and former Regulations set forth in the proposed Charging Letter:

a. JML shall pay a civil penalty of \$15,000, which shall be paid in accordance with the instructions provided, within 30 days from the date of entry of the appropriate Order.

b. As authorized by Section 11(d) of the Act, the timely payment of the penalty agreed to in paragraph 2a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to JML. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of JML's export privileges for a period of one year from the date of entry of the appropriate Order imposing the civil penalty.

3. JML agrees that, subject to the approval of the Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter

(except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation: (a) any right to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) any right to request a refund of the civil penalty imposed pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) any right to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding or take other legal action against JML in connection with any violation of the Act or the former Regulations alleged in the proposed Charging Letter.

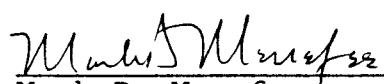
5. JML understands that BXA will make the proposed Charging Letter, this Settlement Agreement and the appropriate Order, when entered, available to the public.

6. BXA and JML agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not entered by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(a) of the Regulations, BXA and JML agree that they may not use this Settlement Agreement in any administrative or judicial proceeding, and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

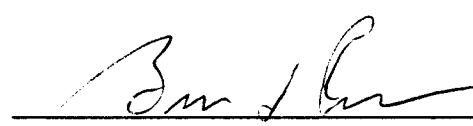
7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION JML FREIGHT FORWARDING, INC.
formerly known as
JACKY MAEDER, LTD



Mark D. Menefee
Acting Director
Office of Export Enforcement



BRIAN L. REACH
Vice President

Date: 3/25/97

Date: 3/19/97

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:

JML FREIGHT FORWARDING, INC.,
formerly known as JACKY MAEDER, LTD
590 Belleville Turnpike
Kearney, New Jersey 07032,

Respondent

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified JML Freight Forwarding, Inc. (JML), formerly known as Jacky Maeder, Ltd, of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1996)) (the Act),¹ and the Export Administration Regulations (61 Fed. Reg. 12734-13041, March 25, 1996, to be codified at 15 C.F.R. Parts 730-774) (the Regulations),² based on allegations that, on three occasions between on or about April 1, 1992 and on

¹The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notice of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), and extended again on August 14, 1996 (61 Fed. Reg. 42527, August 15, 1996), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1996)).

²The alleged violations occurred in 1992, 1993 and 1994. The Regulations governing the violations at issue are found in the 1992, 1993 and 1994 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992, 1993 and 1994)).

or about January 29, 1994, JML made false or misleading statements of material fact, directly or indirectly, to a United States government agency in connection with the preparation and use of export control documents; and

BXA and JML having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby BXA and JML have agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

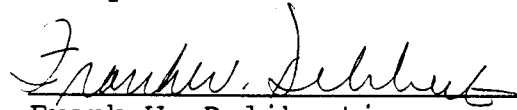
IT IS THEREFORE ORDERED,

FIRST, that JML shall pay a civil penalty of \$15,000, which shall be paid to the Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, as authorized by Section 11(d) of the Act, the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to JML. Accordingly, if JML should fail to pay the civil penalty in a timely manner, the undersigned will enter an Order under the authority of Section 11(d) of the Act denying all of JML's export privileges for a period of one year from the date of entry of this Order.

THIRD, that the proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public.

This Order is effective immediately.


Frank W. Deliberti
Acting Assistant Secretary
for Export Enforcement

Entered this 26th day of March, 1997.